



**KATHLEEN CONNELL**  
**Controller of the State of California**

December 28, 2000

To: ALL SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION,  
AND SPECIAL EDUCATION LOCAL PLANNING AREAS (SELPAS)

Re: SPECIAL EDUCATION MANDATED COST CLAIM, PROPOSED SETTLEMENT  
AND STAY OF 120-DAY CLAIMING PERIOD.

This notice is being sent to you at the direction of the Sacramento Superior Court because you are an eligible claimant in the Consolidated Test Claim of Riverside County Superintendent of Schools et al., CSM-3986, commonly known as the Special Education Mandated Cost Claim. This is the test claim which began in 1980. The Riverside Test Claimants now include eight school districts and SELPAs in addition to Riverside.

On June 5, 2000, the Commission adopted Parameters and Guidelines for reimbursement of the eight state special education program areas that it had found to exceed the federal mandate. On August 7, 2000, this Office issued claiming instructions. Under those instructions, December 5, 2000, is the last day to file a timely claim.

On November 1, 2000, the State Department of Finance filed a challenge to the Commission's decision on the eight mandates in Sacramento Superior Court and sought a stay of the 120-day claiming period which had commenced on August 7, 2000. Now the Riverside Test Claimants have reached a settlement with the State. They have joined in the State's request to the court that the 120-day claiming period be stayed.

**THIS NOTICE IS TO INFORM YOU THAT THE 120-DAY CLAIMING PERIOD HAS BEEN STAYED AND THAT A SETTLEMENT IS PENDING BETWEEN THE STATE AND THE CLAIMANTS.**

**1. STAY OF THE 120-DAY CLAIMING PERIOD**

On November 1, 2000, the Sacramento Superior Court ordered that the 120-day claiming period be stayed. If settlement cannot be effectuated and the stay is lifted, a new 120-day claiming period will commence.

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250  
SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814 (916) 445-2636  
LOS ANGELES 600 Corporate Pointe, Suite 1150, Culver City, CA 90230 (310) 342-5678

As of the date of the stay and pending the lifting of this stay, the Controller's Office is prohibited from processing any reimbursement claims for this matter. Further, no Mandate Reimbursement Process ("MRP") claims may be reimbursed for activities on this claim taking place during the period of the stay.

## 2. PROPOSED SETTLEMENT

The State and the Riverside Test Claimants have agreed to a proposed settlement. The settlement also includes the claim of Long Beach Unified School District regarding special education services for students ages 3 to 5 and 18 to 21. A summary of the settlement is attached. You will receive a complete copy of the settlement agreement, a copy of draft Legislation, a Notice to Local Education Agencies ("LEAs") and a Waiver by mail under separate cover. Please review those documents carefully. If you have questions about what it means to your school agency financially, check [www.sscal.com](http://www.sscal.com) and click on "What's New." If you need copies of the documents or have questions regarding the settlement, please contact Education Mandated Cost Network's Carol Berg at School Services of California, 916-446-7517, e-mail [CarolB@asscal.com](mailto:CarolB@asscal.com) or CSBA's Dick Hamilton at 916-371-4691, e-mail [rhamilton@csba.org](mailto:rhamilton@csba.org).

The settlement is contingent on support from LEAs. LEAs are school districts, county offices, and SELPAs. To take effect, at least 85% of LEAs must sign the Waiver attached to the Notice to LEAs. The school districts and county offices signing the Waiver must also account for 92% of P-2 1999-00 Average Daily Attendance in the state. These signed Waivers must be received on or before January 31, 2001, by Dr. Carol Berg, Consultant, Education Mandated Cost Network, c/o School Services of California, Inc., 1121 L Street Suite 1060, Sacramento, CA 95814.

The court files and records of this litigation may be examined and copied any time during the regular office hours in the office of the clerk of the court of the Sacramento Superior Court, located at 720 Ninth Street, Sacramento, California 95814.

This notice is being posted on the State Controller's Office website located at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm). Questions may be referred to Ginny Brummels, Acting Section Manager, Local Reimbursements Section, at (916) 323-2364.

Sincerely,



KATHLEEN CONNELL  
California State Controller

KC:WGA:bjo

Attachment

## SUMMARY

Settlement and Release Agreement  
on the Special Education Mandated Cost Claim

The State and the school test claimants have reached a proposed settlement in the 20-year-old Riverside test claim. The pending Long Beach test claim on students ages 3-5 and 18-21 is also included. If approved, the settlement would provide schools, county offices of education, and SELPAs with retroactive general fund reimbursement and increased ongoing special education funding as part of the regular state budgeting process without ever filing mandate claims. Within days of the announcement of the settlement, the parties will seek a court stay of the 120-day claiming period now in effect.

The settlement provides the following funding:

- \$520 million retroactive reimbursement for general fund purposes
  - \$270 million lump sum retroactive payment for general fund use in 2000-01 divided as follows:
    - \$250.5 million to school districts by ADA
    - \$10.8 million to county offices by county special education pupil count
    - \$2.7 million to SELPAs by special education pupil count
    - \$6.0 million to Riverside COE
  - \$250 million retroactive payment for general fund use payable to school districts in \$25 million installments over 10 years, commencing in 2001-02 and continuing through 2010-11, all payments based on 1999-00 P-2 ADA.
- \$100 million as a permanent increase to the AB 602 base, commencing in 2001-02.

There are three triggers that must take place before payment can be made:

- By January 31, 2001, 85% of all LEAs (school districts, county offices, and SELPAs) must sign a waiver document; the signatory school districts and county offices must represent at least 92% of the statewide ADA. In that document, LEAs waive their rights to contest the settlement and to file any further special education mandate claims unless the special education law changes.
- The parties will seek a superior court ruling that the settlement is final and binding on all LEAs. This will be sought in January or February.
- Legislation must be enacted appropriating the necessary funds and placing the ongoing funding in statute. This will be requested in early 2001 when the Legislature reconvenes.

While none of the above triggers is assumed, the first one is the most critical. Without immediate district, county, and SELPA support, this settlement will not take place. Once districts, county offices, and SELPAs have signed on, Superior Court endorsement and legislative action is likely. If any of the three triggers does not take place, a new 120-day claiming period will be instituted.